

TOWARD A NEW UNDERSTANDING OF GOVERNANCE:

# The 2022 Berggruen Governance Index

EXECUTIVE SUMMARY

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# A new tool to measure governance

**The Berggruen Governance Index Project** is a collaborative project between the UCLA Luskin School of Public Affairs and the Berggruen Institute. The current iteration of the Index examines the performance of 135 countries in key areas over a 20-year period to advance our understanding of why some countries are better managed and enjoy a higher quality of life than others. To this end, the Index analyzes the relationship between democratic accountability, state capacity, and the provision of goods to serve public needs.

The project emerged from a series of conversations between Nicolas Berggruen, Nathan Gardels, and Dawn Nakagawa at the Berggruen Institute, and Helmut K. Anheier, then president of the Hertie School in Berlin. The Berggruen Institute supported a preliminary phase to explore the feasibility of such a governance index. Based on this initial work, and the publication of the 2019 Index, the project expanded and moved to the Luskin School of Public Affairs at UCLA.

Helmut K. Anheier serves as Principal Investigator of the project at UCLA, with Markus Lang as lead analyst, and Dawn Nakagawa as project director at the Berggruen Institute.

The project is guided by a board that includes Nabil Fahmy (American University, Cairo), Mohammed Ibrahim (Mo Ibrahim Foundation), Francis Fukuyama (Stanford), Margaret Levi (Stanford), John Micklethwait (Bloomberg), Gary Segura (UCLA Luskin), Anne-Marie Slaughter (New America), Michael Woolcock (World Bank), and Xue Lan (Tsinghua University).

More information about the project and the 2022 BGI:

[governance.luskin.ucla.edu](https://governance.luskin.ucla.edu)  
[berggruen.org/2022-governance-report](https://berggruen.org/2022-governance-report)

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# How do differences in public governance performance come about?

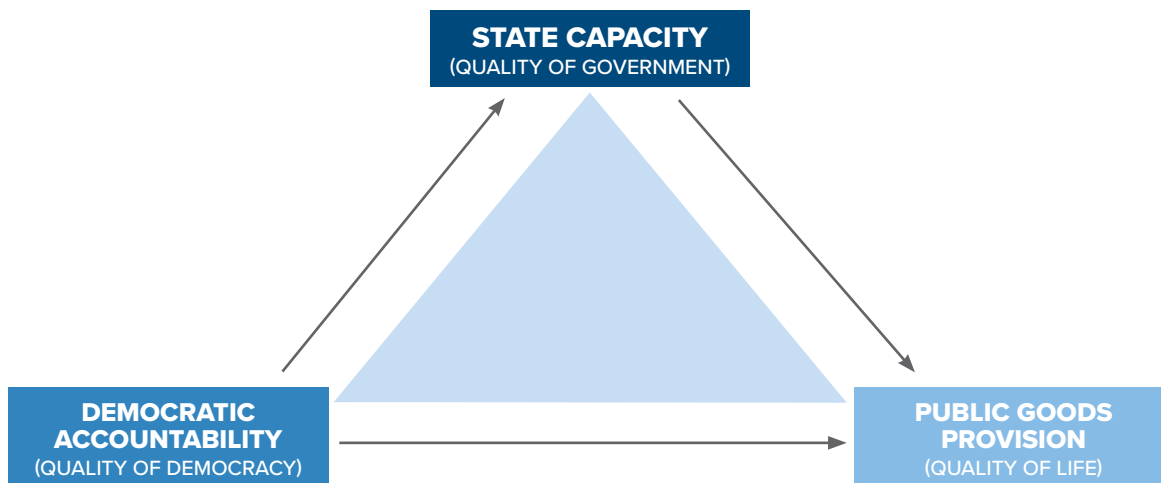
*A new understanding of governance allows us to open the ‘black box.’*

Governance is at the heart of how well countries meet public needs and manage a wide array of common problems. Why do some countries perform badly in delivering health care, reducing inequality, providing a clean environment, or delivering some other public good to their populations even while they have the resources to do so? Does the capacity of states to provide the basics for societies to thrive depend on democratic accountability that represents different interests, or are systems under technocratic control that impose solutions

and disregard, even suppress, many voices better at meeting public needs?

Previous research did not systematically examine the relationship between the components that contribute to performance. Our understanding of governance, as depicted in the Governance Triangle, is that public goods provision is a function of state capacity and accountability. The key to good governance is achieving a balance among the three dimensions on an upward and sustainable trajectory.

## The Governance Triangle



Neither state capacity nor democratic accountability alone explains why countries are better or worse at providing public goods. By the same token, in the longer term, good governance is about more than successfully delivering public goods.

# How can these dimensions be captured?

*New approaches demand new measures.*

This is where the Berggruen Governance Index (BGI) comes in. Rather than focusing on a single composite performance measure, we examine the interactions among three: democratic accountability, state capacity, and public goods provision. At the conceptual level, each dimension is broken down into

three subdimensions, each of which consists of a set of three to five indicators.

Because the BGI includes only reliable indicators that are regularly updated and available over long periods, the dataset covers 135 countries for the 2000–2019 period.

## The Berggruen Governance index

DEMOCRATIC ACCOUNTABILITY	STATE CAPACITY	PUBLIC GOODS PROVISION
<p><b>Institutional Accountability</b></p> <ul style="list-style-type: none"> <li>Judicial oversight</li> <li>Other bodies question executive officials</li> </ul> <p><b>Electoral Accountability</b></p> <ul style="list-style-type: none"> <li>Electoral infrastructure resilience</li> <li>Suffrage</li> <li>Elected head of executive</li> <li>Political parties</li> </ul> <p><b>Societal Accountability</b></p> <ul style="list-style-type: none"> <li>Media freedom</li> <li>Freedom of expression</li> <li>Engaged society</li> <li>Civil society organizations</li> </ul>	<p><b>Fiscal Capacity</b></p> <ul style="list-style-type: none"> <li>Tax revenue</li> <li>Tax administration</li> <li>Central bank reserves</li> <li>Interest payments</li> </ul> <p><b>Coordination Capacity</b></p> <ul style="list-style-type: none"> <li>Elite cohesion</li> <li>Bureaucratic remuneration</li> <li>Appointment criteria</li> <li>Rigorous administration</li> <li>State-society relations</li> </ul> <p><b>Delivery Capacity</b></p> <ul style="list-style-type: none"> <li>Resource allocation</li> <li>Absence of public sector theft</li> <li>Territorial authority</li> <li>Predictable enforcement</li> </ul>	<p><b>Social Public Goods</b></p> <ul style="list-style-type: none"> <li>Basic medical care</li> <li>Education</li> <li>Gender equality</li> </ul> <p><b>Economic Public Goods</b></p> <ul style="list-style-type: none"> <li>Food security</li> <li>Productive knowledge</li> <li>Employment</li> <li>Health care</li> <li>Inequality reduction</li> </ul> <p><b>Environmental Public Goods</b></p> <ul style="list-style-type: none"> <li>Clean air and clean household fuels</li> <li>Affordable and sustainable energy</li> <li>Ecosystem protection</li> </ul>

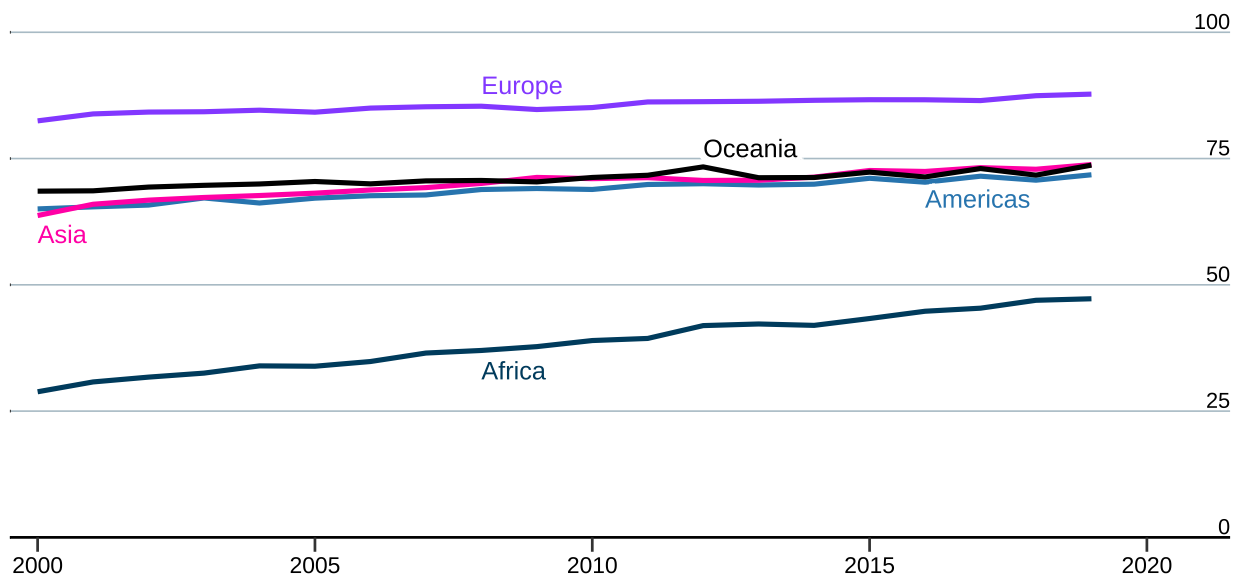
# Public goods provision has improved since 2000 in all world regions, on average, but in Africa the most.

*Performance between and within regions varies; not all countries advanced.*

Africa has made substantial progress – albeit frequently from a rather low level of public goods provision. Europe, the Americas, Asia, and Oceania have only slightly raised the supply of public goods between 2000 and 2019, but the level was already relatively high. Among countries, disproportionate improvement in performance was not among the regional powerhouses, but more in smaller

and mid-sized countries, with Madagascar as a case in point in Africa, Chile in Latin America, and South Korea in Asia. In no country did public goods provision decline significantly, but some experienced stagnation, which has different impacts on the population depending on whether one is in a high-performing country like the Netherlands or in a less well performing country like Honduras.

**Changes in public goods index by region, 2000–2019**



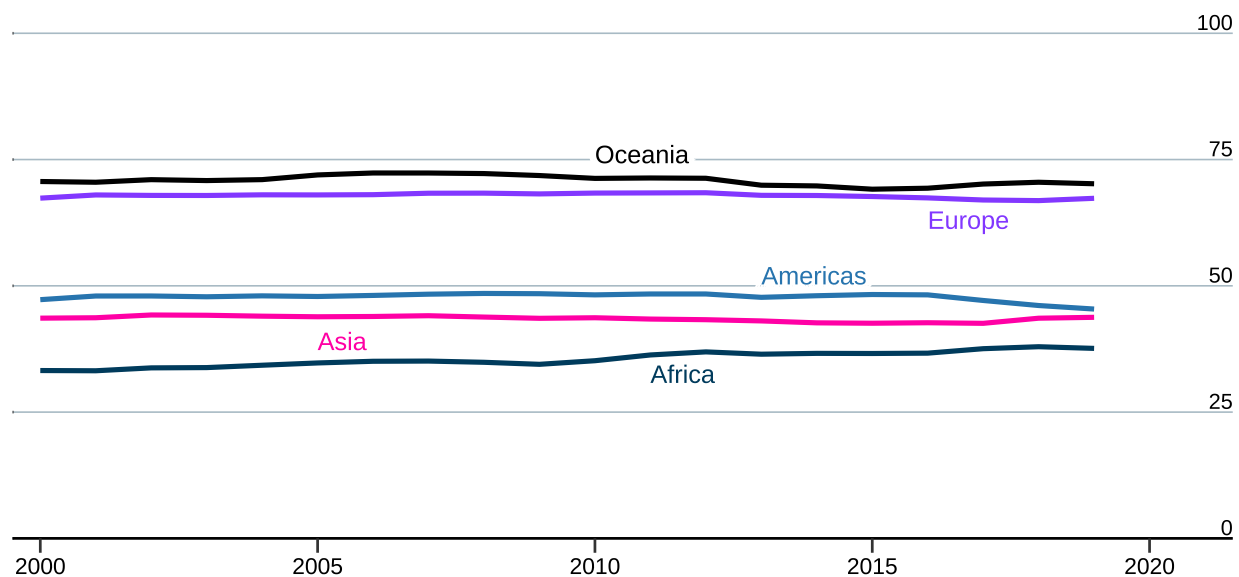
# State capacity has expanded in Africa and Asia but declined in the Americas.

*Only African and Asian countries have seen significant advances, while some European countries such as Hungary and Turkey, as well as the United States, saw major losses in state capacity.*

Generally speaking, European countries, especially those in Western Europe, as well as Australia and New Zealand, have developed higher levels of state capacity and have largely remained at those levels since 2000. There are also higher-capacity standouts in Africa, e.g., Botswana and Namibia, and in Latin

America, e.g., Uruguay, Chile, and Costa Rica, that have reached state capacity levels well above their region's average. Remarkable are the state capacity losses of the U.S., Hungary, Turkey, and Hong Kong. Could their losses foreshadow future declines in public goods provision?

## Changes in state capacity index by region, 2000–2019



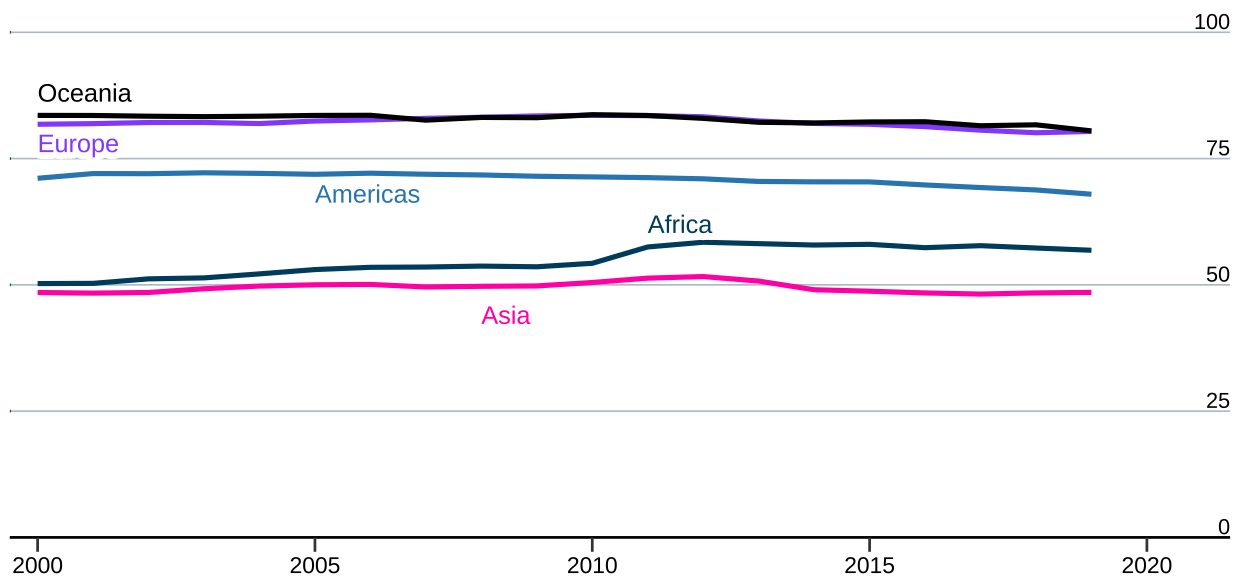
# Democratic accountability within regions varies widely.

*But the trend in all regions except Africa is not upward.*

In 2019, democratic accountability was strongest in Denmark, Germany, Norway, Sweden, Estonia, and Costa Rica, and weakest in Syria, Saudi Arabia, Qatar, and China. Since 2000, the African region has seen an overall increase in democratic accountability, while in the Americas and Asia, accountability appears

to be on a downward trajectory on average. Most already high-scoring democracies maintained high levels of accountability over the two decades, but some, including the U.S., Brazil, Hungary, Poland, and India, lost ground rather significantly.

**Changes in democratic accountability Index by region, 2000–2019**



In summary, the 2022 BGI reveals that in the first two decades of the 21st century, countries have, on average, improved in terms of public goods provision, but their performance in terms of state capacity and democratic accountability is uneven. Africa shows the best improvement

record across all three main indices, albeit from a low starting point. Oceania and Europe, with a few notable exceptions, remain basically stable. By contrast, the Americas and Asia reveal troubling trends in declining state capacity and democratic accountability.

# So, what makes for good governance?

*The key seems to be achieving a balance among the three dimensions on an upward and sustainable trajectory.*

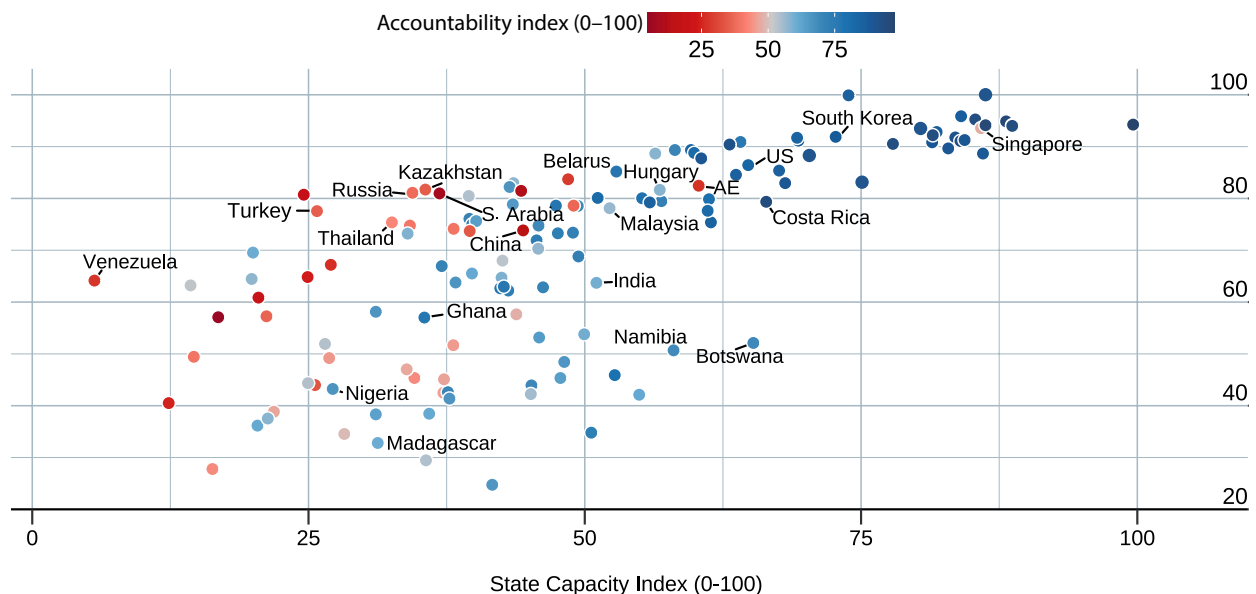
The “liability of democracy” emerges as an important finding: At below-average state capacity levels, countries with higher levels of democratic accountability may have more difficulties reaching public higher goods scores than less accountable countries. Democratic accountability without improved state capacity can lead to the backsliding of both. The “democratic fallacy,” which assumes that democracy is sufficient for improved governance performance, fails to recognize that improved and sustainable public goods scores require sufficient state capacities.

At above-average state capacity levels, public goods advantages of less accountable countries begin to fade, and higher democratic

accountability begins to matter more, turning into what could be named the “liability of autocracy.” Thus, at some point, state capacity without better accountability limits further advancement. The “autocratic fallacy,” which assumes that state capacity alone matters for the delivery of public goods, disregards the need for democratic accountability in setting priorities.

Even achieving a virtuous governance balance may not be sufficient without the resilience to withstand internal and external jolts. Such countries, like several in the Global South, are vulnerable, and backsliding on any or all three dimensions is likely.

## State capacity, public goods provision, and accountability, by country, 2019





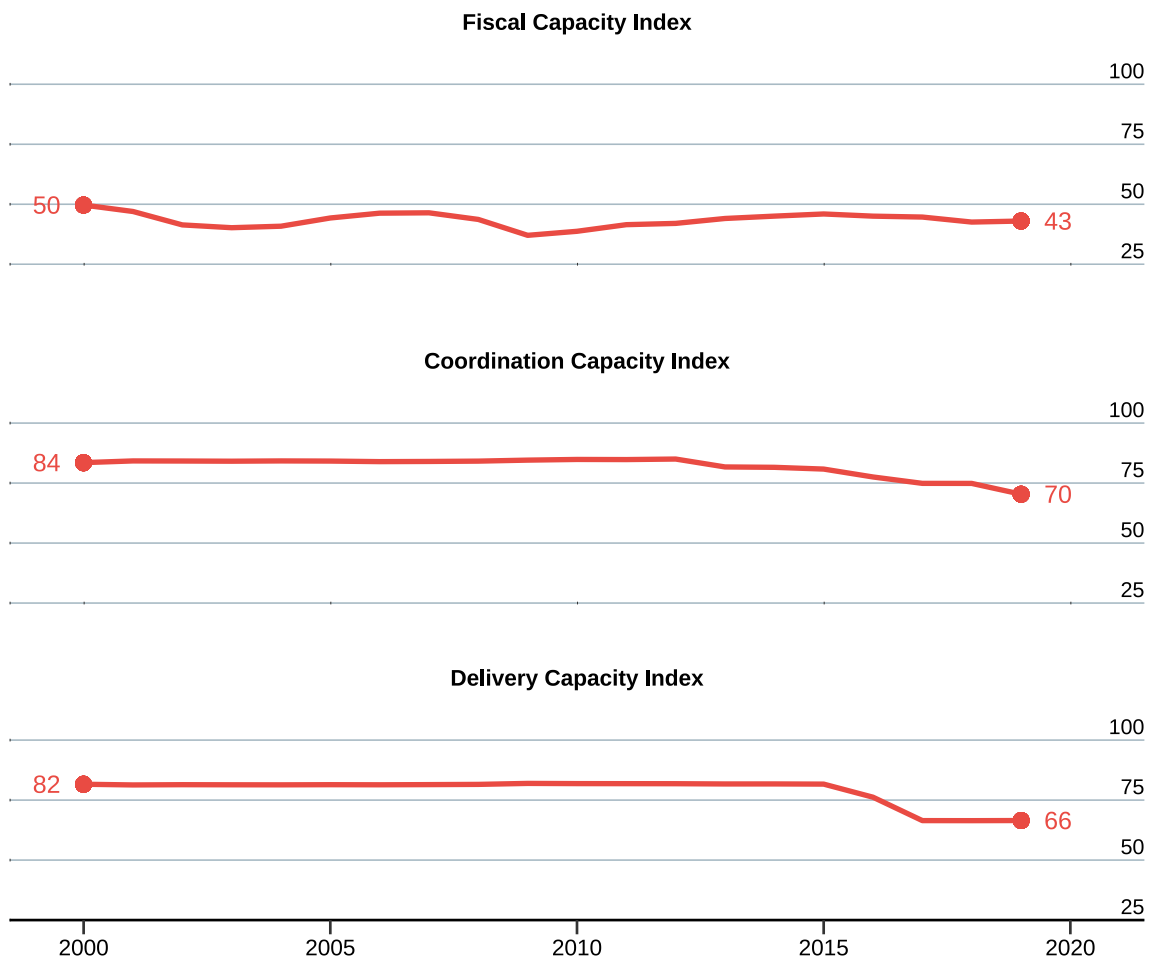
# Despite outranking most countries overall, the U.S. is on a downward trajectory.

*Between 2000 and 2019, it lost significant ground in terms of both state capacity and democratic accountability.*

In state capacity in particular, the results are dramatic: All three main fields of state capacity have deteriorated since 2000. The drop since 2015 in coordination capacity and delivery capacity became especially apparent with the Trump administration's initial chaotic response to the COVID-19 pandemic, during which the American state's ability to respond to public

health crises was called into question. But the United States has seen a decline also in democratic accountability. And although public goods provision has improved slightly, it does so from a lower baseline than similarly wealthy countries, likely due to its higher levels of inequality and a much smaller welfare state.

## Subdimensions of state capacity in the U.S., 2000–2019



# Major world powers head in different directions.

*The impending governance challenges will differ.*

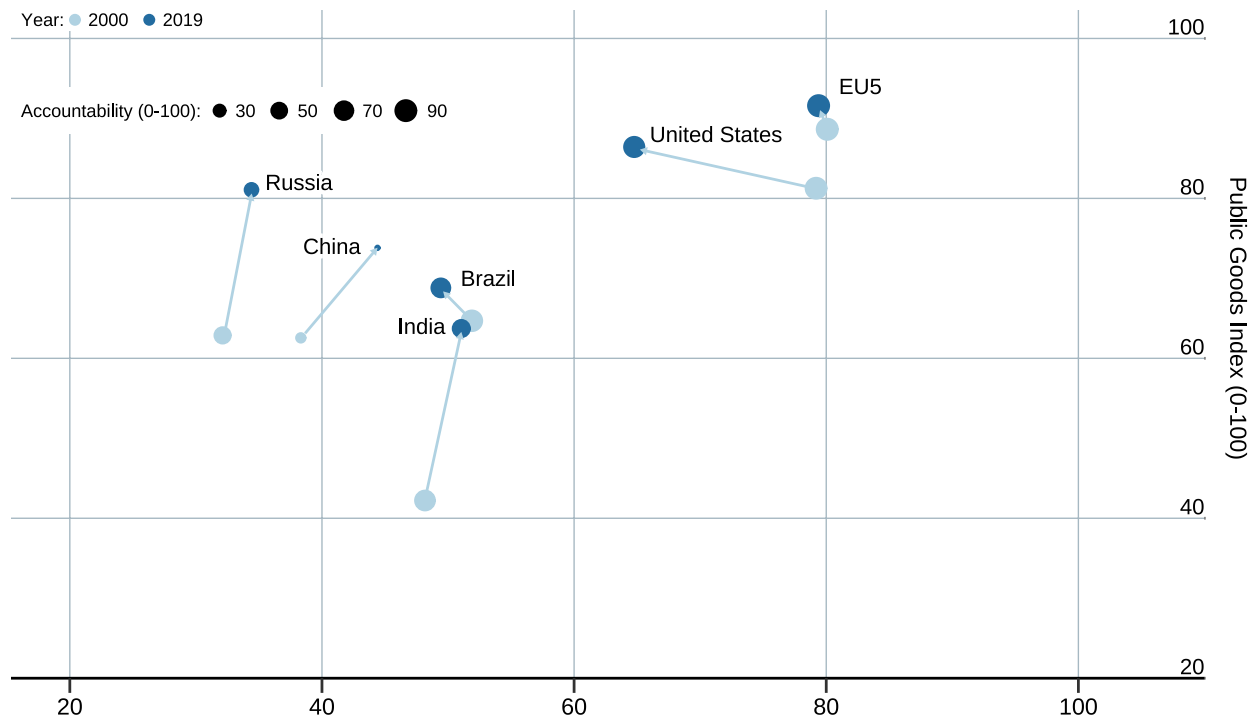
The high levels of public goods provision, state capacity, and democratic accountability of the European Union's five largest economies (Germany, France, Italy, Spain, and the Netherlands, i.e., EU5) have remained quite stable since 2000 and make this group even more of an outlier. Their challenge is to sustain the virtuous cycle among the three dimensions.

The U.S. and Brazil share a decline in accountability and state capacity with a modest increase in public goods provision. For them the questions are how to reverse those

declines, and how and for how long levels of public goods provision could be maintained otherwise.

A third trajectory, shared by China, India, and Russia, features declining accountability, slightly improved state capacities, and a disproportionate jump in public goods provision. For these emerging economies, the key issue becomes how higher levels of public goods provision can be maintained given low and lower accountability and more or less stagnating state capacity. How will priorities be set, and where do the resources come from?

## State capacity, public goods provision, and democratic accountability, major global powers, 2000–2019



## Policymakers, take note:

*Achieving the right balance among democratic accountability, state capacity, and public goods provision is a long-term endeavor. Countries will take time to reach levels of sustainability and resilience.*

Policymakers in nondemocratic regimes and illiberal democracies should be aware of the autocracy fallacy and the dangers of having a dominant state setting priorities and making decisions for societies that have little voice and shrinking degrees of self-organization. There is no known example of a highly developed autocratic country without a confident self-governing civil society full of institutions and a citizenry that can decide its own future. By contrast, policymakers in liberal democracies should avoid the democracy trap, assuming that, even without adequate state capacity, society can benefit from an adequate supply of public goods. Democratic

accountability and state capacity must move forward in unison to avoid falling behind.

Public goods provision is a slow-moving and lagging indicator of governance performance. It is therefore important to identify what policy measures governments with improving democratic accountability scores can take to show quicker results in overall advancement, maintaining stability or building resilience, and which are likely to become effective in the medium or long term. Equally essential is to identify what subdimensions could be responsible for backsliding and have the potential to knock the Governance Triangle out of balance more than others.

## Policy analysts:

*Take up the challenge and further explore patterns, trends, doorstep conditions, and tensions.*

Our intention going forward is to encourage the formulation of research questions and push insights for policy. We invite researchers to explore countries by conducting in-depth case studies, examine cross-national patterns and longitudinal trends in greater detail, and take up substantive issues such as the doorstep conditions needed to move from a fragile to a resilient Governance Triangle, or the nonlinear effects of state capacity on

public goods provision given varying levels of democratic accountability, or the tensions between the liability of democracy and the liability of autocracy. Likewise, we invite policy analysts to examine specific patterns of improvement, stability, and decline within and across countries and what these patterns tell us about how to encourage states to move in one direction or another or to prevent them from doing so.



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At the convergence of the fields of social work, urban planning and policymaking, the UCLA Luskin School of Public Affairs identifies and develops emerging areas of research and teaching, cultivating leaders and change agents who advance solutions to society's most pressing problems.

Founded in 1994, UCLA Luskin incorporates the best practices in scholarship, research and teaching in the fields of social work, urban and regional planning, and policymaking. The unique intersection of these disciplines within one school allows for academic cross-collaboration and a rich education that values diverse perspectives at the macro- and micro- organizational levels. Graduates of the bachelor's, master's and doctoral programs are well prepared to take leadership roles and effect change as practitioners, researchers and policymakers in the public, private and non-governmental sectors.



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The Berggruen Institute's mission is to develop foundational ideas and shape political, economic, and social institutions for the 21st century. Providing critical analysis using an outwardly expansive and purposeful network, we bring together some of the best minds and most authoritative voices from across cultural and political boundaries to explore fundamental questions of our time. Our objective is enduring impact on the progress and direction of societies around the world. To date, projects inaugurated at the Berggruen Institute have helped develop a youth jobs plan for Europe, fostered a more open and constructive dialogue between Chinese leadership and the West, strengthened the ballot initiative process in California, and launched Noema, a new publication that brings thought leaders from around the world together to share ideas. In addition, the Berggruen Prize, a \$1 million award, is conferred annually by an independent jury to a thinker whose ideas are shaping human self-understanding to advance humankind.